



Information Statement

Effective July 2010



General Information

The purpose of **TrustIndiana** is to allow local units of government (e.g., counties, municipalities, school corporations, townships, and other units of local government) as well as the State of Indiana to invest in a common pool of investment assets that preserves the principal of the public's funds, remains highly-liquid, and maximizes the return on the investment. **TrustIndiana** was authorized by the Indiana General Assembly's passage of Indiana Code § 5-13-9-11 during its 2007 session. The Indiana Treasurer of State (the "Treasurer") has been designated by statute as the administrator of **TrustIndiana**. The Treasurer has contracted with Cutwater Investor Services Corp., an SEC-registered investment advisor, to provide the administration, and certain portfolio management and marketing services for the Program not retained by the Treasurer's office. The Bank of New York serves as the custodian.

TrustIndiana provides all Indiana local units of government and agencies of the State the opportunity to invest in concert, benefiting from the inherent economies of scale, and to utilize an alternative designed specifically for public funds. **TrustIndiana** only invests public sector funds in securities and other investments which are legally permitted pursuant to Indiana law and in the manner further defined by the **TrustIndiana** investment policy.

In recognition of the fact that the investments of the Participants are public funds temporarily invested until needed for expenditure for governmental purposes, the **TrustIndiana** program is operated in furtherance of the following objectives: **legality and suitability, preservation and safety of capital, liquidity, diversification and yield.**

Legality and Suitability

TrustIndiana only invests in securities and investments that are permitted by Indiana law. Because the public sector funds that are invested in **TrustIndiana** are primarily intended to be utilized by the Participants in the short-term, **TrustIndiana** is expected to be managed in an SEC Rule 2a-7-like manner where possible.

Safety

One of **TrustIndiana's** primary objectives is the preservation of principal. It seeks to maximize investment safety through the purchase only of securities which are legally permitted pursuant to Indiana law and as further defined in the investment policy. Safety is further enhanced by limiting the term of specific investments, asset class diversification, as well as the weighted average maturity of the entire portfolio to correspond conservatively with cash flow expectations and to mitigate any market timing risk.

Fifty percent of **TrustIndiana's** portfolio is required to be deposited in Indiana bank deposit accounts that are insured by both the FDIC and the Indiana Public Deposit Insurance Fund. The Public Deposit Insurance Fund, administered by the Indiana Board for Depositories, insures public money properly placed on deposit in approved depositories in the event of bank failure.

It is expected that all funds will be invested each day. All securities invested pursuant to the Program are held by the Custodian. Securities which collateralize short-term repurchase agreements are delivered to the Custodian subject to a perfected security interest for the protection of the Participants until maturity or sale. A current copy of the **TrustIndiana** investment policy is available at the Program Web site (www.trustindiana.in.gov).

Liquidity

TrustIndiana is constructed to maximize liquidity for its Participants. Participants may deliver or withdraw funds on any business day with only same day notice (prior to 12:00 P.M. Eastern time) required up to the amount of their current account balances, including accrued interest and/or capital gains realized thereon. Portfolio diversification, maturity and duration parameters are established to provide for the liquidity needs of the Participants. The net result of these liquidity features is that the market value fluctuations associated with traditional fixed-term investments are significantly mitigated, and Participant cash is available in the amount necessary when needed.

Diversification

TrustIndiana will at all times maintain a prudent diversification of its investment portfolio among eligible asset classes, taking into account the statutory requirement that no less than 50% of the portfolio must be in Indiana bank deposit accounts. The statutory deposit requirement will be complied with in the most prudent manner possible by considering the credit worthiness of the depositories and the cash concentration of **TrustIndiana** deposited in the same. The following shall be the investment concentrations for any one issuer: Counterparties rated A1+/P1 may hold no more than 40% of the overall portfolio and counterparties rated A1/P1 may hold no more than 25% of the overall portfolio.

Yield

By investing together, Participants can take advantage of certain economies of scale relative to transaction and clearance costs, custody arrangements, and valuation costs. In addition, overall portfolio performance is enhanced as a result of the effect of differences in cash flow cycles from one Participant to another, allowing longer average investment maturities than would be the case if Participants invested alone, thereby increasing aggregate portfolio yields. In addition, this Program permits all Participants to benefit from professional investment advisory advice. Investments are calculated on a daily basis.

There can be no guarantee or assurance of program yields or rates of return and to the extent such information is available on a historical basis there can be no assurance that such yields or rates of return can be replicated.

Permitted Investments

Unless specifically prohibited by law or elsewhere by the **TrustIndiana's** investment policies, monies of **TrustIndiana** may be invested and reinvested only in investments authorized and within the legal limits required by Indiana law for the investment of State funds. Although a number of investment options are authorized in Indiana Code 5-13 for State investments, the predominate asset classes that will be considered to comprise the **TrustIndiana** portfolio are:

1. Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by:
 - a. The United States Treasury.
 - b. A federal agency.
 - c. A federal instrumentality.
 - d. A federal government sponsored enterprise.
2. Securities issued by:
 - a. A federal agency.
 - b. A federal instrumentality.
 - c. A federal government sponsored enterprise.
3. Commercial Paper rated in the highest rating category by one (1) nationally recognized rating service with a stated final maturity of no greater than 270 days.
4. Repurchase Agreements with Indiana designated depositories, fully collateralized with a perfected security interest in the collateral.
5. Certificates of Deposit and other deposit accounts with Indiana designated depositories.
6. AAA or AAA-m rated money market mutual funds comprised of the foregoing.

All the investments in **TrustIndiana** will have no greater than a 2 year final stated maturity from the date of investment except for specific exceptions provided for by Indiana law.

Program Services

Many program features assure convenient account access and ease of record keeping. For example, daily funds may be wired into or out of **TrustIndiana** accounts using **TrustIndiana's** online transaction system (Client Connection), toll-free fax or phone instructions, along with bank notification where required. All investment or payment forms are designed to be easy to use. Unlimited Participant accounts may be established to track and parallel internal fund accounting structures. Monthly statements are comprehensive and provide daily account activity, transaction numbers, portfolio security positions and pledged collateral (with corresponding CUSIP identifier numbers). Monthly statements establish a clear accounting and audit trail for Participant investment and audit records.

Investments and withdrawals are at net asset value. Investments may be made by wire transfer or ACH funds. Withdrawals may be made by wire transfer, ACH funds, or transfer between Participant accounts. Transactions may be initiated in writing, by telephone, on the Internet site or via fax. Distributions from the **TrustINDiana's** net income are declared and distributed daily to the Participants.

Account information or assistance is available every business day from **TrustINDiana's** client service staff. On-line account access is available 24/7 via **TrustINDiana's** Client Connection. On-line transaction notifications can be done in advance in anticipation of important dates, and are handled reliably, avoiding unfortunate timing issues or cash access emergencies.

All program features have been designed in consultation with financial professionals who have public sector financial experience in Indiana to facilitate the maximum level of cash management efficiency and simplicity. Participant involvement, feedback, and suggestions in all aspects of the program are encouraged.

Participants will be able to open as many accounts as desired at no cost. Account security features will be utilized to protect the Participants against fraud or error: only pre-designated signatory representatives of the Participants may execute transactions; funds may be wired or transferred only to pre-designated depository or transaction accounts; investments and payments will be confirmed by fax or mail on the day they are executed; Participant Identification Numbers ("PIN's") will be assigned to Participants for Client Connection transactions; and Participants may access Client Connection for account updates 24/7, 365 days a year. The **TrustINDiana** Client Service Desk is available via toll-free telephone or fax on any day that banks in Indiana are legally open for business.

There are no program limits on the dollar amount or number of daily transactions. Participant investments may be made at any time during the business day, with returns posted on such investment for that day, ***subject to notification of the Program Administrator prior to 12:00 P.M. Eastern time, by Client Connection, fax or phone, that an investment will be made. Investments made after 12:00 P.M., Eastern time will be posted the next business day. Payment requests received by the Program Administrator prior to 12:00 P.M.***

Eastern time will be processed and paid the same day. Those payment requests received after that time will be processed on the next business day. Investment or payment notifications may be made in advance at any time. Payment requests, which will be executed on any day on which Indiana banks are open for business, can be in any amount, up to the total balance in a Participant's accounts. Payments are made from accounts through outgoing bank wire or ACH credits to a Participant's pre-designated accounts. There are no outgoing wire or ACH charges by the program to Participants. With regard to moneys wired or sent via ACH into TrustINDiana accounts, Participants are responsible for wire or ACH charges levied by their own banks.

Participants receive regular monthly statements for each account indicating daily earnings, investment, payment and transfer activity (funds transferred from one Participant account to another). Other statement information includes rate summaries, securities held on behalf of Participants, and securities underlying repurchase agreements. Statements are designed

to facilitate public sector fund accounting and audit procedures, and have been considered a valuable program feature.

Cutwater Investor Services Corp., provides **TrustIndiana's** administrator and investment management services not otherwise retained by the Treasurer's Office. Cutwater Investor Services Corp. is a wholly owned subsidiary of Cutwater Asset Management, located at 113 King Street, Armonk, NY 10504. Cutwater Investor Services Corp. provides investment advisory and/or administrative services for similar public sector cooperative investment programs in a number of states across the country.

The **TrustIndiana** Custodian is Bank of New York. The Custodian is, among other things, responsible for the receipt and safekeeping of all cash, securities or other assets comprising the cooperatively invested assets. The Custodian also collects the income on investments in accordance with provisions in the program investment policy. The Custodian also provides security lending services as permitted by law. The Custodian is required to hold the investments separate and apart from the property of the Custodian and assure that such property is never deemed an asset or liability of the Custodian.

An annual independent audit of **TrustIndiana** is conducted by an independent audit firm. **TrustIndiana's** fiscal year is the calendar year.

Program Fees

Pursuant to the **TrustIndiana** Administrator and Investment Advisor Agreement, Cutwater Investor Services Corp. will charge a basis points fee from the value of the Cutwater Investor Services Corp. Managed Portfolio (the "Daily Fee"). This Daily Fee will accrue on a daily basis and be paid monthly. The Daily Fee shall be calculated as follows: The value of the Cutwater Investor Services Corp. Managed Portfolio is multiplied by the applicable number of basis points as determined by the chart set forth below and is divided by 365 days and that equals the Daily Fee accrual.

BASIS POINTS CHART

Value of Cutwater Investor Services Corp. Managed Portfolio	Basis Points
\$0 to \$1 Billion	12
Over \$1 Billion to \$1.5 Billion	11
Over \$1.5 Billion to \$2 Billion	10
Over \$2 Billion	9

Fees may be waived or abated at any time, or from time to time, at the sole discretion of Cutwater Investor Services Corp.. The fee is deducted from the earnings of the portfolio

before any investment earnings are distributed to the Participant accounts. The Program Administrator's fee covers the following costs of program operation: the costs of all marketing activities exclusive of the marketing representative, the cost of valuing investments, all investment record-keeping expenses, the costs of preparing monthly and annual reports, the fees of the Program Administrator's legal counsel, and the costs of servicing the Participants, IT support and all software platforms.

Participation Eligibility and Additional Information

Participation in **TrustIndiana** is available to any Indiana local unit or the State of Indiana. To join **TrustIndiana**, a Participant needs to complete a Registration Form and a Data Form and deliver these forms to the **TrustIndiana** Client Service Desk via e-mail, regular mail or fax. The Client Service Desk will contact the primary account contact once the account is established and discuss the account particulars, Client Connection access and instructions, and the other means to managing the account.

This Information Statement is designed to provide a general overview of the **TrustIndiana** program. Reference should be made to the Treasurer's **TrustIndiana** Policies for a complete description of the rights and obligations of the Participants. The Policies are available at www.trustindiana.in.gov.

To obtain further program information, account information, assistance and program updates, the **TrustIndiana** Client Service personnel are available on any business day from 8:00 A.M. to 5:30 P.M. Eastern time. Participants may contact Client Services as follows:

For all inquiries: 1-888-860-6242

Transaction fax: 1-800-765-7600

Email inquiries: trustindiana@cutwater.com

Program information is also available at the TrustIndiana Web site at www.trustindiana.in.gov.